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April 2, 2012

Ex Parte

VIA ECFS

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: Section 63.71 Application of MCI Communications Services, Inc. and Telecom*USA, Inc. for Authority Pursuant to Section 214 to Discontinue the Provision of Service, WC Docket No. 12-62

Dear Ms. Dortch:

On February 17, 2012, MCI Communications, Inc. and Telecom*USA, Inc. ("Applicants") filed an application to discontinue the sale and recharge of prepaid long distance phone cards.¹ Customers will continue to be able to use the remaining balances on previously purchased prepaid long distance cards. As Applicants noted, there are multiple comparable alternative services available to consumers offered throughout a variety of sales channels, including the same channels used by Applicants, such as Costco, BJ's, CVS, Rite-Aid, and Circle K.²

On March 26, 2012, Dr. Rambler submitted a letter to the Federal Communications Commission responding to the application.³ We agree with Dr. Rambler that prepaid long distance phone cards can provide benefits, including portability, flexibility, and affordability. However, we would like to take the opportunity to explain in greater detail the variety of comparable products in the marketplace that are readily available to Dr. Rambler and other customers. As noted below and in the Application, there are numerous alternatives to the Applicants' prepaid long distance calling cards available to consumers.

National retailers, including Costco, CVS, and Rite Aid have selected IDT to provide prepaid calling cards in place of Applicants' cards, and IDT is also the provider for Walgreens. This represents a total of more than 20,000 retail locations throughout the nation, including in the

¹ *Section 63.71 Application of MCI Communications Services, Inc. and Telecom * USA, Inc. for Authority Pursuant to Section 214 to Discontinue the Provision of Service*, filed Feb. 17 2012 (Application).

² Application at 2-3.

³ Letter from Dr. Linda K. Rambler to Marlene H. Dortch, Secretary, FCC, WC Docket No. 12-62, Mar. 26, 2012.

Middletown, Pennsylvania, area. IDT's competitive prepaid long distance phone cards have functions and rates similar to the Applicants' cards. For example, at Costco, IDT's domestic card offers the same domestic rates as the Applicants' card – 700 minutes for \$20 (less than 2.9¢ per minute). Similarly, at CVS, Applicants offer a \$50 card with a domestic rate of less than 7¢ per minute while IDT now offers a \$10 card for less than 6.6¢ per domestic minute and \$30 card for 5¢ per minute. IDT also offers international calling cards with a price point and rates similar to or lower than the cards Applicants are seeking to discontinue. These IDT cards do not charge a 15% recharge fee and do not charge a monthly or connection fee. IDT's cards are subject to expiration from the activation or last recharge, ranging from 12-36 months depending on the card. IDT separately offers other calling card products, including its "Penny Talk" cards, providing consumers with additional choices.

Like IDT, AT&T sells prepaid long distance calling cards through national retailers including Wal-Mart, Sam's and Target, representing over 6,000 retail outlets throughout the United States. AT&T Cards offer competitive rates and require a similar recharge fee as do Applicants' cards. These cards permit customers to contact AT&T using a telephone number on the back of the card to obtain rate information or to recharge the card. As Dr. Rambler mentions, AT&T separately offers a direct-to-consumer "Virtual Card" that provides consumers with additional choices, and which is available on their website.

Black Hawk, Coinstar and InComm are aggregators who offer many prepaid products under various brands, including long distance, wireless, prepaid credit cards, and gift cards. These companies resell various products to retailers and manage the relationship between service providers and retailers. These companies change their product mix to reflect consumer needs and adapt quickly to new products and new technology.

In addition to the retailers described above, many other retailers such as grocery and convenience stores carry a wide variety of prepaid long distance calling cards. Consumers thus have a variety of comparable alternatives to Applicants' when looking for a new service provider to care for their prepaid long distance calling needs.

Dr. Rambler also mentions that she had trouble reaching a live operator when contacting Applicants' call center. We understand that there was a limited technical issue that may have caused her some difficulty, but which has since been remedied. Call center representatives have been asked to contact any customers who report difficulties with recharging their cards, including Dr. Rambler, to provide further assistance.

Sincerely,

A handwritten signature in dark ink, appearing to read "Ian Dillon". The signature is written in a cursive, slightly slanted style.